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MARKETING MARGINS AND PRACTICES FOR TURKEYS SOLD IN THREE EASTERN MARKETS

MARKETING RESEARCH REPORT NO. 191

Agricultural Marketing Service . Marketing Research Division

U.S. DEPARTMENT OF AGRICULTURE

PREFACE

This report on marketing costs and margins for turkeys is one of several similar reports on food items that have been published or are planned by the Agricultural Marketing Service, U. S. Department of Agriculture. These reports are designed to meet, in part, a need for information on farm-to-retail price spreads on food.

Farmers and others have turned to the Department for explanations of changes in prices and price spreads, and of the components of margins. This report presents findings of research on turkey marketing margins in three large cities in 1954 and 1955. Problems closely related to costs and margins, particularly trade practices, also are treated.

The author is grateful for the assistance of Leo R. Gray in the field work of this study and to the many retailers, wholesalers, and processors of turkeys who supplied most of the information on which this report is based.

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SUMMARY

Average farm-to-retail marketing margins on ready-to-cook turkeys sold by chainstores in Washington, D. C., during the Thanksgiving and Christmas holidays of 1954 ranged from 10 to 13.6 cents a pound; in Boston, Mass., from 15 to 19 cents a pound in 1955; and in Cincinnati, Ohio, from 11.5 to 18 cents a pound in 1955. The farm-to-retail average margins on ready-to-cook turkeys sold by independent retailers showed wider ranges in each of the markets.

Costs of processing turkeys from live to ready-to-cook form for shipment to the Washington, D. C., area averaged 6.8 cents a pound; to the Boston area, 6.8 cents a pound; and to the Cincinnati area, 7.5 cents a pound. Processing costs of five processors supplying Boston averaged 6.3 cents a pound and were distributed as follows: Trucking from farm, 0.3 cents a pound; plant labor, 2.0 cents a pound; office management and other costs, 0.4 cents a pound; packaging, 1.5 cents a pound; and miscellaneous and overhead, 2.1 cents a pound.

Gross margins of wholesalers and jobbers on sales of small lots of frozen ready-to-cook turkeys sold in the Thanksgiving and Christmas holidays of 1954 and 1955 in the three cities ranged from about 1 to 5 cents a pound. On sales in carlots, wholesale gross margins of half a cent a pound were reported.

Gross margins on turkeys sold by chainstores varied seasonally. In November and December 1954, gross margins on ready-to-cook turkeys sold by chainstores in the Washington, D. C., area ranged from 0 to 3.8 cents a pound. In the Boston area in November and December 1955, gross margins ranged from 4.9 to 8.5 cents a pound; and in the Cincinnati area in the same period, from 3 to 9.5 cents a pound. During the other 10 months of the year, gross margins of chainstores ranged from about 3 to 14 cents a pound in the three markets.

Average gross retail margins on ready-to-cook turkeys sold by independent stores during Thanksgiving and Christmas weeks of 1954 and 1955 in the three markets ranged from about 2 to 12 cents a pound for icepacked and about 0 to 9 cents a pound for frozen turkeys.

Much variation was found among the three market areas in percentages of turkeys sold which were icepacked or frozen, ready-to-cook, or New York dressed, as well as the percentages sold on a seasonal basis according to size of birds.

Independent retailers preferred to use store posters and signs and personal contacts in promoting holiday sales. The chainstores, on the other hand, preferred advertising turkeys through newspapers.

Consumers in the Washington metropolitan area during the Thanksgiving and Christmas holidays of 1954 obtained their best buy of turkeys from chainstores. A similar situation was found in Boston and Cincinnati in 1955, except that in these markets the price advantage to consumers in purchasing turkeys from chainstores was less pronounced.

MARKETING MARGINS AND PRACTICES FOR TURKEYS
Sold in Three Eastern Markets

by Earl H. Rinear
agricultural economist
Market Organization and Costs Branch
Marketing Research Division

THE PROBLEM

The task of supplying turkey meat to the millions of consumers in the United States is the business of about 170 thousand farmers and many thousands of marketing firms. Farmers produced an estimated 1,090 million pounds live weight of turkeys in 1955, or about 5 pounds of ready-to-cook turkey meat per person. Increasing demand in recent years has made turkey meat a major food item as well as the principal item on holiday menus. The services of many marketing agencies -- dealers, processors, transportation companies, warehouses, wholesalers, and retailers -- are required to move turkeys from farms to consumers at the times and in the forms they desire.

The production and marketing process is complex. It consists of many different and necessary jobs. Consumers often complain that retail prices of turkeys and other foods are too high in relation to farmers' returns. Farmers often assert that their returns are too low in relation to retail prices. Marketing firms often argue that they are unfairly and inaccurately charged with responsibility for creating high marketing costs and profits.

This study was undertaken to measure marketing margins for turkeys in three large cities in which large quantities of turkeys are sold and consumed annually. These cities are Washington, D. C.; Boston, Mass., and Cincinnati, Ohio. Approximately 700 retail independent stores and chainstores were surveyed in the 3 metropolitan areas. Some of the chains were national, some regional, and, in one instance, a voluntary chain was included. No distinction among types of chains was made in the study. Information directly associated with margins, trade channels, pricing methods, merchandising practices, costs of processing and transporting, sizes and types of birds handled, and seasonality of turkey sales was obtained and studied.

A representative sample of retailers was visited in each market. Information was obtained also from the principal wholesalers supplying them with turkeys. Finally, the principal processors selling to wholesalers and directly to retailers were visited.

THE MARGINS AND COSTS

Farm-to-retail marketing margins on turkeys vary widely among seasons of the year, among marketing channels, among cities, among turkeys of different sizes and types, and on the basis of other reasons. Some of these variations are readily explainable on the basis of marketing costs and store policies on turkey margins.

Washington, D. C.

Average farm-to-retail marketing margins on ready-to-cook turkeys 1/ sold by independent stores and chainstores in the Washington metropolitan area during Thanksgiving week, 1954, ranged from 10.6 cents to 18.9 cents a pound. The spreads were sharply lower on turkeys sold in chainstores than in independent retail stores, principally because of lower wholesale and retail margins. Farm-to-retail marketing margins and costs on ready-to-cook turkeys sold by chainstores during Thanksgiving week, 1954, averaged 12.6 cents a pound on small turkeys (8 pounds or less); 11.6 cents a pound on the larger hens; and 10.6 cents a pound on the larger toms. Farm-to-retail marketing margins on ready-to-cook turkeys sold by independent retailers during the same period averaged 18.9 cents a pound on fryers; 15.2 cents a pound on the larger hens; and 17.0 cents a pound on the larger toms (tables 1 and 2).

Boston, Mass.

The spread on ready-to-cook turkeys sold by independent stores and chainstores in Boston during Thanksgiving week ranged from 15.3 to 22.7 cents a pound. During Christmas week, the spread ranged from 14.9 to 20.6 cents a pound.

Farm-to-retail marketing margins on ready-to-cook turkeys sold by chainstores during Thanksgiving week, 1955, averaged 15.3 cents a pound on small turkeys; 18.8 cents a pound on the larger hens; and 15.8 cents a pound on the larger toms. Farm-to-retail marketing margins on ready-to-cook turkeys sold by independent retailers during the same period averaged 22.7 cents a pound on small turkeys; 21.0 cents a pound on the larger hens; and 15.9 cents a pound on the larger toms (tables 1 and 2).

1/ Both processing costs and farm prices were calculated on a ready-to-cook basis. Farm prices were converted from a live to ready-to-cook basis by dividing the farm price by the ready-to-cook yield percentage. For example, assuming an 80 percent yield, a farm price of 24 cents a pound live weight would equal 30 cents a pound on a ready-to-cook basis.

Table 1.--Reported average marketing margins and costs between producer and consumer of frozen ready-to-cook turkeys sold through chainstores in three eastern markets

Weight classes and marketing functions	Washington 1/		Boston 2/		Cincinnati 2/	
	Thanks-giving	Christmas	Thanks-giving	Christmas	Thanks-giving	Christmas
	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.
Fryers						
4 - 7.9 pounds						
Processing	6.8	6.8	6.8	6.8	7.5	7.5
Transporting	3.0	3.0	3.0	3.0	1.0	1.0
Wholesaling 3/	---	---	0.5	0.5	---	---
Retailing	2.8	3.8	5.0	6.0	8.0	9.5
Total	12.6	13.6	15.3	16.3	16.5	18.0
Hens						
12 - 15.9 pounds						
Processing	6.8	6.8	6.8	6.8	7.5	7.5
Transporting	3.0	3.0	3.0	3.0	1.0	1.0
Wholesaling	---	---	0.5	0.5	---	---
Retailing	1.8	0.0	8.5	5.4	5.5	6.0
Total	11.6	9.8	18.8	15.7	14.0	14.5
Toms						
18 - 21.9 pounds						
Processing	6.8	6.8	6.8	6.8	7.5	7.5
Transporting	3.0	3.0	3.0	3.0	1.0	1.0
Wholesaling	---	---	0.5	0.5	---	---
Retailing	0.8	0.5	5.5	4.9	3.5	3.0
Total	10.6	10.3	15.8	15.2	12.0	11.5

1/ Data for 1954.
2/ Data for 1955.
3/ Reported margins on carlot sales.

Table 2.--Reported average marketing margins and costs between producer and consumer of frozen ready-to-cook turkeys sold through independent stores in three eastern markets

Weight classes and marketing functions	Washington 1/		Boston 2/		Cincinnati 2/	
	Thanks-giving	Christmas	Thanks-giving	Christmas	Thanks-giving	Christmas
	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.
Fryers						
4 - 7.9 pounds						
Processing	6.8	---	6.8	6.8	7.5	7.5
Transporting	3.0	---	3.0	3.0	1.0	1.0
Wholesaling 3/	2.2	---	2.9	2.9	5.2	5.2
Retailing	6.9	---	10.0	7.9	6.6	8.2
Total	18.9	---	22.7	20.6	20.3	21.9
Hens						
12 - 15.9 pounds						
Processing	6.8	---	6.8	6.8	7.5	7.5
Transporting	3.0	---	3.0	3.0	1.0	1.0
Wholesaling 3/	2.2	---	1.7	1.7	3.5	3.5
Retailing	3.2	---	9.5	6.2	4.7	7.6
Total	15.2	---	21.0	17.7	16.7	19.6
Toms						
18 - 21.9 pounds						
Processing	6.8	6.8	6.8	6.8	7.5	7.5
Transporting	3.0	3.0	3.0	3.0	1.0	1.0
Wholesaling 3/	2.2	2.2	1.3	1.3	2.9	2.9
Retailing	5.0	5.5	4.8	3.8	3.8	4.2
Total	17.0	17.5	15.9	14.9	15.2	15.6

1/ Data for 1954.
2/ Data for 1955.
3/ Wholesaling and jobbing margins.

Cincinnati, Ohio

The average farm-to-retail marketing margins on turkeys sold in chainstores in the Cincinnati metropolitan area during Thanksgiving and Christmas weeks, 1955, tended to be smaller on hens and toms than in the Boston metropolitan area during these holidays. The spread on ready-to-cook turkeys sold by independent stores and chainstores in the Cincinnati area during Thanksgiving week ranged from 12.0 to 20.3 cents a pound. During Christmas week, the spreads ranged from 11.5 to 21.9 cents a pound.

Farm-to-retail marketing margins on turkeys sold by chainstores in the Cincinnati metropolitan area during Thanksgiving week, 1955, averaged 16.5 cents a pound on small turkeys; 14.0 cents a pound on the larger hens; and 12.0 cents a pound on the larger toms. Farm-to-retail marketing margins on ready-to-cook turkeys sold by independent retailers during the same period averaged 20.3 cents a pound on small turkeys; 16.7 cents a pound on hens; and 15.2 cents a pound on toms (tables 1 and 2 and figure 1).

Processing Costs and Margins

Average costs of processing turkeys to ready-to-cook form were nearly identical for turkeys shipped to Washington in 1954 and to Boston in 1955. Ranges in processing costs were similar also. But costs of processing turkeys for Cincinnati averaged about three-fourths cent a pound higher (table 3).

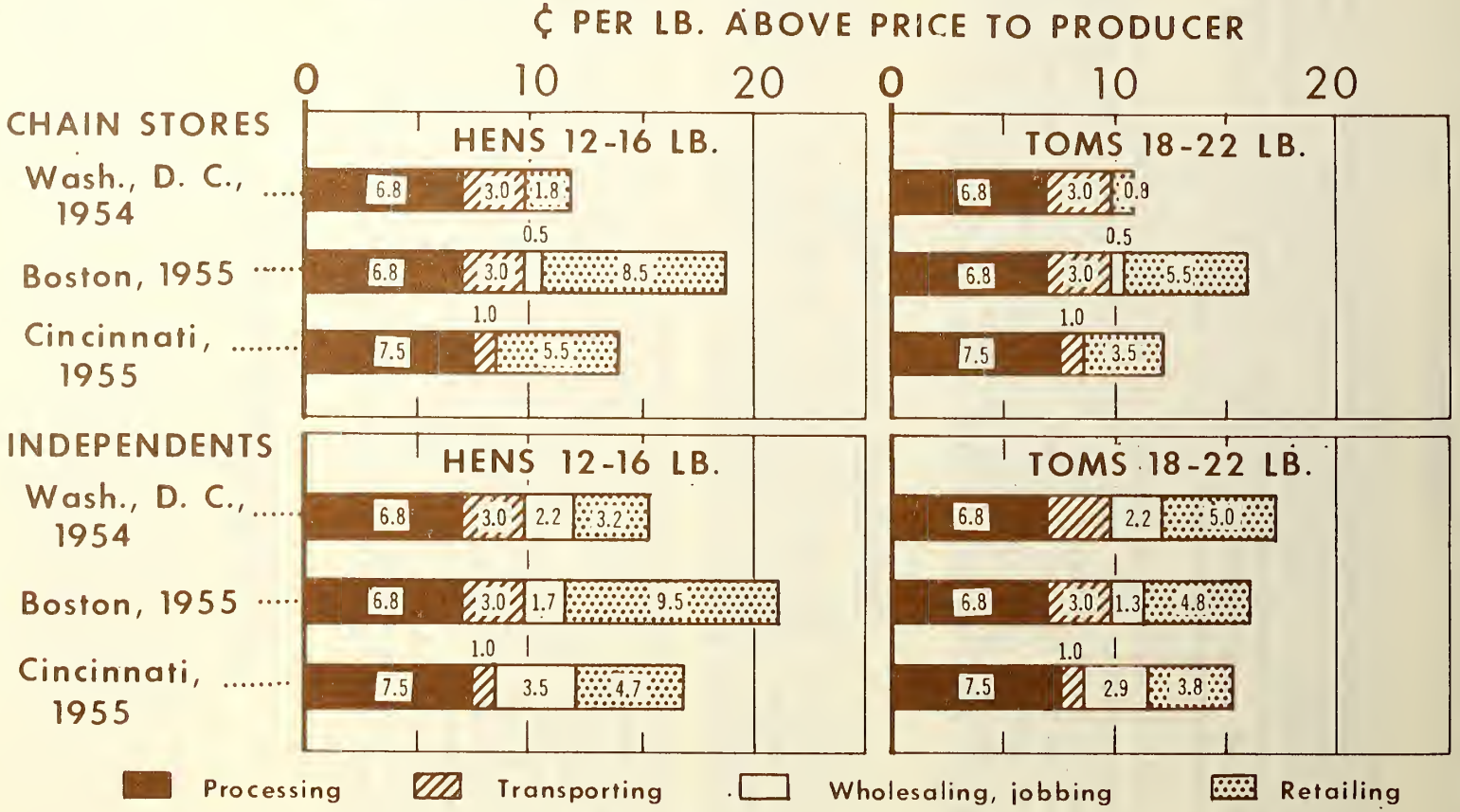
Five processors supplied detailed processing cost data for ready-to-cook turkeys shipped to Boston. The average processing cost for these firms was 6.3 cents a pound, or about one-half cent under the average cost for all processors supplying Boston. The largest items of cost were plant labor, packaging materials, and miscellaneous and overhead, which were 2.0, 1.5, and 2.1 cents a pound, respectively. The smallest items of cost were trucking and office management and expenses, which were 0.3 and 0.4 cents a pound, respectively. The principal cause of the range in costs shown in table 4 was differences in labor costs. This item, in turn, was greatly affected by variations among plants in wage rates. Differences among plants in miscellaneous and overhead expenses also were substantial.

Difference Between Processing Cost and Custom Charge for Processing

Custom processing of turkeys was done by a few processors included in this study. For this service, they charged, on the average, 1.65 cents a pound more than average cost of processing ready-to-cook turkeys (table 5). Custom charges for large birds weighing over 18 pounds averaged a cent less pound than for birds weighing less than 18 pounds. But some processors made a uniform charge per pound regardless of the size of birds slaughtered.

Between Producer and Consumer, Thanksgiving Week

MARKETING MARGINS FOR FROZEN READY-TO-COOK TURKEYS



RETURN TO PRODUCER COMPUTED BY SUBTRACTING MARKETING MARGIN FROM RETAIL PRICE

U.S. DEPARTMENT OF AGRICULTURE NEG. 4271-57(6) AGRICULTURAL MARKETING SERVICE

Figure 1

Table 3.--Average and range of processing costs reported on frozen ready-to-cook turkeys shipped to three eastern markets

Destination of turkeys	Total processing costs	
	Average	Range
	Cents per pound	Cents per pound
To Washington, D. C. 1/	6.77	5.30 to 8.25
To Boston, Mass. 2/	6.75	5.05 to 8.00
To Cincinnati, Ohio 2/	7.46	6.69 to 8.50

1/ Data for 1954.
2/ Data for 1955.

Table 4.--Range and average operating costs reported by five processors on frozen ready-to-cook turkeys shipped to Boston

Item	Operating Costs		
	Range	Average	
	Cents per pound	Cents per pound	Percent
Trucking	0.15 to 0.57	0.31	4.9
Plant labor	1.43 to 3.25	1.99	31.7
Office management and other	0.17 to 0.95	0.35	5.6
Packaging	1.47 to 1.70	1.51	24.0
Miscellaneous and overhead	1.35 to 2.73	2.12	33.8
Total	5.05 to 7.24	6.28	100.0

Table 5.--Average difference between processing cost and charge for custom processing of ready-to-cook turkeys of various weights

Type of cost	Under 10 pounds	10 to 18 pounds	Over 18 pounds
	Cents per pound	Cents per pound	Cents per pound
Average custom charge	9.33	9.38	8.50
Average processing cost	8.01	7.45	6.81
Average difference	1.32	1.93	1.69

Yields from Live to Ready-to-Cook

Reported average yields of all turkeys in processing from live to ready-to-cook were 76.0 percent for turkeys under 10 pounds, live basis; 79.2 percent for birds weighing 10 to 16 pounds; and 80.7 percent for turkeys weighing 18 pounds and more (table 6). Reported ranges in yields were about 7 percentage points in each size group. Reasons for these differences are not known.

Table 6.--Reported average yields in processing turkeys from live to ready-to-cook

Yield	Under 10 pounds	Hens 10 - 16 pounds	Toms over 18 pounds
	Percent	Percent	Percent
Average yield	76.0	79.2	80.7
Range in yield	72.5 to 80.0	75.0 to 82.0	77.5 to 85.0

Storage of Turkeys by Processors

Only 13 percent of the processors had experienced difficulty in obtaining sufficient storage in distributing centers, and then only in November and December.

The costs of storage during the first month ranged from 43 to 80 cents a hundredweight and averaged 72 cents. Storage costs after the first month ranged from 20 to 30 cents a hundredweight and averaged 24 cents.

Transportation by Truck and Rail

Sixty-nine percent of the processors reported using only truck transportation in 1954 and 1955, compared with 8 percent and 12 percent, respectively, who shipped only by rail. The remainder used both means of transportation. Trucks were used mostly on short hauls, but several processors reported using trucks in transporting turkeys from California to eastern markets. Other processors in the Far West and Midwest preferred to ship by rail. One wholesale receiver in Boston preferred shipments of turkeys by rail because he could use the car for short storage.

Transportation costs incurred in 1954 and 1955 by processors in shipping turkeys to the three markets were as high as 4.09 cents a pound and as low as 1 cent a pound (table 7). Transportation costs of nearby processors averaged about one-third the costs of the far western shippers and about half the costs of the midwestern processors.

Table 7.--Truck and rail rates reported by processors in shipping frozen ready-to-cook turkeys to three eastern markets

Destination and source	Truck rates	Rail rates
	Dollars per cwt.	Dollars per cwt.
To Washington, D. C. 1/:		
from: California	3.50 to 3.71	3.68 to 4.09
Minnesota	1.50 to 1.75	1.70
Virginia	.73 to 1.00	----
To Boston, Mass. 2/:		
from: California	3.95	3.20
Utah	2.56	2.81
Minnesota	1.93	2.23
Iowa	1.75	1.90
Pennsylvania	1.00	----
Maine	1.05	----
To Cincinnati, Ohio 2/		
from Indiana	1.00	----

1/ Data for 1954.

2/ Data for 1955.

Gross Margins of Wholesalers and Jobbers

An average gross margin of 2.2 cents a pound was reported by Washington wholesalers on frozen ready-to-cook turkeys sold in small lots to retail stores, restaurants, and hotels during Thanksgiving and Christmas weeks, 1954. A slightly lower gross margin was obtained on sales of turkeys to retail stores than to the other outlets such as restaurants and hotels.

Weighted average gross margins were obtained on sales of turkeys in small lots, according to size of bird, for the Boston and Cincinnati wholesalers during 1955. Slightly higher gross margins were obtained in Boston during Christmas week than during Thanksgiving week. The highest gross margins were obtained by the Cincinnati wholesalers on turkeys weighing less than 12 pounds (table 8).

Table 8.--Average gross margins of wholesalers and jobbers according to size of turkeys sold in small lots during Thanksgiving and Christmas weeks in three eastern markets

Season and market	Size of frozen ready-to-cook turkeys					
	Under 8 pounds	8-11.9 pounds	12-15.9 pounds	16-19.9 pounds	20-23.9 pounds	24 pounds and over
	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.
Thanksgiving week:						
Washington 1/	2.2	2.2	2.2	2.2	2.2	2.2
Boston 2/	2.9	1.7	1.7	1.8	1.3	3.0
Cincinnati 2/	5.2	5.0	3.5	4.5	2.9	3.1
Christmas week:						
Washington 1/	2.2	2.2	2.2	2.2	2.2	2.2
Boston 2/	2.0	1.7	1.7	2.0	2.4	2.4
Cincinnati 2/	5.2	5.0	3.5	4.5	2.9	3.1

1/ Data for 1954.
2/ Data for 1955.

Storage of Turkeys by Wholesalers

Practically all of the wholesalers contacted in the three markets were able to obtain ample storage space for turkeys. One wholesaler in Washington had difficulty in obtaining needed storage space in 1954. Another wholesaler in Boston and one in Cincinnati experienced difficulty in obtaining storage in November and December 1955.

Two wholesalers in Washington reported minor spoilage losses in handling turkeys, but none of the wholesalers in Boston and Cincinnati had spoilage losses.

Gross Margins of Retailers Compared

In this study, average gross margins were obtained from the chainstores on monthly sales of ready-to-cook turkeys for each year. Data from the independent stores were limited to sales of turkeys during Thanksgiving and Christmas weeks because records of purchases and sales were not readily available for the rest of the year.

Average monthly gross margins of chainstores varied seasonally for the three markets, and the lowest gross margins occurred in November and December (table 9).

Average gross margins of chainstores selling ready-to-cook turkeys in metropolitan Washington during November and December 1954, ranged from 0 to 3.8 cents a pound. In the Boston and Cincinnati markets gross margins of chainstores in 1955 were higher, ranging in Boston, during November and December 1955, from 4.9 to 8.5 cents a pound, and in Cincinnati from 3 to 9.5 cents a pound.

During the other 10 months of the year, gross margins of chainstores on sales of ready-to-cook turkeys ranged from 3 to 8 cents a pound in Washington in 1954; from 3.2 to 14 cents a pound in Boston in 1955; and from 8 to 13.5 cents a pound in Cincinnati in 1955.

Gross margins obtained by independent retailers during Thanksgiving and Christmas weeks ranged from 2 to 10 cents a pound for icepaced ready-to-cook turkeys, and from 3 to 10 cents a pound for frozen turkeys sold in Washington during 1954; from 3.5 to 10 cents a pound for frozen turkeys sold in Boston during 1955; and from 6 to 12 cents a pound for icepacked and from 0 to 9.1 cents a pound for frozen turkeys sold in Cincinnati during 1955 (table 10).

Slightly higher margins were obtained by independent retailers in Washington and Cincinnati on icepacked ready-to-cook turkeys sold at Christmas time than in the Thanksgiving period. The highest average gross margin of 16 cents a pound was reported by independent retailers in Boston on Christmas sales of New York dressed toms weighing from 16 to 20 pounds. In general, gross margins of chainstores and of independent stores tended to decrease as size of ready-to-cook turkeys exceeded 16 pounds.

Larger retail price differences appeared in Washington in 1954 than in the other two markets. With the exception of small turkeys weighing under 8 pounds, the chain organizations in many instances sold the larger birds for less money than the prices for which the independent retailers were able to buy them. In five instances, the selling prices of the chains were lower than the average of purchasing prices of the independent retailers and gross margins of the chains ranged from 1 to 2 cents a pound.

Table 9.--Average gross margins of chainstores on ready-to-cook turkeys sold in three eastern markets

Size of turkeys	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.
Washington, D.C. 1/												
4 - 7.9 lbs.	6.0	3.0	6.0	5.0	4.3	6.0	5.3	4.5	4.5	3.8	2.8	3.8
8 - 11.9 "	7.0	---	7.0	5.0	---	---	---	---	6.0	6.0	2.3	1.0
12 - 15.9 "	7.0	---	5.0	5.0	4.0	4.0	4.0	4.5	6.0	8.0	1.8	.0
16 and over "	5.0	5.0	5.0	---	---	4.0	4.0	4.5	5.0	6.0	.8	.5
Average	6.2	4.0	5.8	5.0	4.2	4.7	4.4	4.5	5.4	6.0	1.9	1.3
Boston 2/												
4 - 7.9 lbs.	9.1	10.3	13.4	12.4	10.0	13.3	13.0	13.4	11.7	13.1	5.0	6.0
8 - 11.9 "	11.0	9.2	10.5	10.0	8.6	11.2	12.3	12.5	13.3	12.2	8.5	5.4
12 - 15.9 "	9.7	11.3	11.7	10.6	10.9	13.8	13.7	11.6	12.6	14.0	8.5	5.4
16 and over "	8.5	4.8	6.3	8.9	6.2	5.1	---	3.2	13.3	7.2	5.5	4.9
Average	9.6	8.9	10.5	10.5	8.9	10.8	13.0	10.2	12.7	11.6	6.9	5.4
Cincinnati 2/												
4 - 7.9 lbs.	13.5	13.5	13.5	11.5	12.5	11.5	12.5	11.5	12.0	12.0	8.0	9.5
8 - 11.9 "	13.5	13.5	13.5	11.5	12.5	11.5	12.5	11.5	12.0	12.0	7.2	7.5
12 - 15.9 "	13.5	13.5	13.5	11.5	12.5	11.5	12.5	11.5	12.0	12.0	5.5	6.0
16 and over "	8.0	8.0	8.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	3.5	3.0
Average	12.1	12.1	12.1	11.4	12.1	11.4	12.1	11.4	11.8	11.8	6.0	6.5

1/ Includes margins on icepacked and frozen turkeys; the greater part of turkeys sold during the first 10 months of 1954 were icepacked and during the Thanksgiving and Christmas holidays most were frozen.

2/ Data for 1955; practically all turkeys sold in Boston and Cincinnati were frozen.

Table 10.--Average gross margins reported by independent retailers on ready-to-cook turkeys sold during Thanksgiving and Christmas weeks in three eastern markets

Size of turkeys	Icepacked				Frozen					
	Thanksgiving		Christmas		Thanksgiving			Christmas		
	Washington 1/	Cincinnati 2/	Washington	Cincinnati	Washington	Boston 2/	Cincinnati	Washington	Boston	Cincinnati
	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.
Fryers 4-8 lbs.	7.5	8.7	---	8.5	6.9	10.0	6.6	---	7.9	8.2
Hens										
Under 8 "	7.5	9.0	8.3	12.0	10.0	5.1	4.5	---	3.5	4.8
8-11.9 "	8.5	8.0	6.5	8.9	9.0	5.1	6.5	8.8	6.1	4.7
12-15.9 "	7.1	9.7	8.8	10.3	3.2	9.5	4.7	---	6.2	7.6
16 lbs. and over	---	7.0	10.0	11.4	---	8.6	4.9	9.0	5.5	6.0
Toms										
10-13.9 lbs.	---	12.0	---	9.6	---	---	9.1	---	9.0	---
14-17.9 "	2.0	6.8	---	8.6	3.0	4.7	1.6	5.0	4.2	6.5
18-21.9 "	6.6	7.4	7.3	7.1	5.0	4.8	3.8	5.5	3.8	4.2
22 lbs. and over	8.5	6.0	7.5	8.4	5.0	4.8	5.9	---	4.3	0.0

1/ Data for 1954.

2/ Data for 1955.

Average differences between the chain organizations and the independent retailers in buying prices in Boston in 1955 ranged from 1 to 2 cents a pound, except for toms weighing 16 pounds and over. In three instances, average prices paid by the chains ranged from 1 to 2 cents a pound higher than prices paid by the independents, but in most cases prices paid by the chains ranged from 1.5 to 8 cents a pound lower than prices paid by the independents. During the Christmas period, average retail prices of chains were from 0.5 to 1.5 cents a pound higher than those of the independents. The largest price differentials between chainstores and independent stores in Boston were associated with tom turkeys. The chainstore average purchase price of toms weighing over 16 pounds ranged from 3.5 cents a pound less than that of the independents during Thanksgiving week to 8 cents a pound less than the independents during Christmas week. Also, the chainstore retail price of toms weighing 16 pounds and over was 3 cents a pound less than the average purchase price of independent retailers.

In Cincinnati, the chains purchased turkeys at lower prices than the independents, but they tended to take higher margins than the independent retailers. Retail prices of chains and independents as a result were practically equal.

FORM AND SIZES OF TURKEYS SOLD

Sales of Icepacked and Frozen Turkeys by Independent Retailers During the Holiday Season

Some important differences appear among the three markets in the proportion of sales of (1) icepacked or frozen, and (2) ready-to-cook or New York dressed turkeys, during Thanksgiving and Christmas weeks (tables 11 and 12). Among these differences are:

(1) The high percentage of icepacked ready-to-cook compared to New York dressed turkeys sold in Washington and Cincinnati.

(2) The high percentage of frozen ready-to-cook turkeys sold in all three markets.

(3) The fact that all New York dressed turkeys sold in Boston were icepaced, whereas the percentage icepacked in Washington was only 24. In Cincinnati, no New York dressed turkeys were sold.

(4) The high percentage of icepacked or frozen turkeys sold by these stores during Thanksgiving week compared to Christmas week.

Table 11.--Distribution of pounds of turkeys sold by independent retailers between icepacked and frozen, ready-to-cook, and New York dressed in three eastern markets, Thanksgiving and Christmas weeks

Type of turkey	Icepacked						Frozen					
	Thanksgiving			Christmas			Thanksgiving			Christmas		
	Washington 1/	Boston 2/	Cincinnati 2/	Washington	Boston	Cincinnati	Washington	Boston	Cincinnati	Washington	Boston	Cincinnati
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Ready-to-Cook												
Fryers and hens	64	--	81	45	--	86	66	48	66	74	46	76
Toms	12	--	19	5	--	14	23	52	34	11	54	24
New York dressed												
Fryers and hens	21	56	--	38	49	--	11	--	--	15	--	--
Toms	3	44	--	12	51	--	--	--	--	--	--	--
Total	100	100	100	100	100	100	100	100	100	100	100	100

1/ Data for 1954.
2/ Data for 1955.

Table 12.--Distribution of icepacked and frozen turkey tonnage sold during Thanksgiving and Christmas weeks by independent retailers in three eastern markets

Area	Icepacked			Frozen			All			Thanksgiving and Christmas		
	Thanksgiving	Christmas	Total	Thanksgiving	Christmas	Total	Icepacked	Frozen	Total	Sales	Sales	Total
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Washington 1/	57	43	100	60	40	100	91	9	100	57	43	100
Boston 2/	55	45	100	52	48	100	21	79	100	53	47	100
Cincinnati 2/	62	38	100	67	33	100	38	62	100	65	35	100

1/ Data for 1954.
2/ Data for 1955.

(5) The high percentage of total icepacked turkeys compared to total frozen turkeys sold in Washington during both holiday weeks.

(6) The high percentage of frozen turkeys compared to total icepacked turkeys sold in Boston and Cincinnati during both holiday weeks.

Distribution of Turkeys According to Size Sold Monthly by Chainstores

Over three-fourths of the ready-to-cook turkeys sold by chainstores in Washington during the first 10 months of 1954 weighed less than 8 pounds each. But in November and December, over two-thirds of the turkeys sold weighed more than 8 pounds.

A more even distribution of monthly sales of ready-to-cook turkeys by size occurred in the chainstore sales for metropolitan Boston than for either Washington or Cincinnati. Also, the percentage of turkeys weighing over 16 pounds was larger in Boston than in either of the other markets (table 13).

Distribution of Turkeys According to Size Sold by Independent Retailers During Thanksgiving and Christmas Weeks

The distribution of turkeys by size sold by independent retailers during Thanksgiving and Christmas holidays shows that most of the sales of icepacked and frozen ready-to-cook hen turkeys were between 8 and 16 pounds. Most of the tom turkeys sold by the independents weighed between 14 and 22 pounds (table 14).

Most of the sales of icepacked or frozen New York dressed hen and light tom turkeys were birds weighing from 8 to 16 pounds, and sales of icepacked New York dressed heavy toms ranged from 16 to 24 pounds and over, depending on the market area. A larger proportion of heavy New York dressed toms were sold in Washington than in Boston during Thanksgiving and Christmas weeks.

Table 13.--Percentage of total tonnage of ready-to-cook turkeys of different weights sold monthly by chainstores in three eastern markets

Size of turkey	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Wash., D.C. 1/												
4-7.9 lbs.	90.5	70.5	73.3	88.8	84.1	96.5	85.8	76.6	93.5	83.4	32.7	28.0
8-12 "	5.1	12.9	20.5	4.9	10.1	3.5	14.2	13.7	2.8	12.3	32.7	33.0
12-16 "	1.9	12.3	4.0	4.7	3.3	--	--	9.7	2.4	3.0	12.0	14.0
16 and over "	2.5	4.3	2.2	1.6	2.5	--	--	--	1.3	1.3	22.6	25.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Boston 2/												
4-7.9 lbs.	39.7	26.5	28.8	24.9	35.2	43.9	23.9	34.9	32.7	36.2	9.8	9.8
8-12) 12-16) "	36.0	26.4	49.1	44.4	43.8	32.5	49.6	46.4	42.9	36.1	38.4	37.2
16 and over "	24.3	47.1	22.1	30.7	21.0	23.6	26.5	18.7	24.4	27.7	51.8	53.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cincinnati 2/												
4-7.9 lbs.	45.3	43.2	55.4	54.7	85.1	78.5	72.6	71.8	66.7	68.8	27.6	18.5
8-12 "	30.8	19.0	25.0	20.7	13.9	16.3	18.6	24.2	25.7	17.5	24.2	26.4
12-16 "	17.2	10.0	14.7	16.8	.5	2.9	4.9	1.3	3.8	4.1	7.9	9.0
16 and over "	6.7	27.8	4.9	7.8	.5	2.3	3.9	2.7	3.8	9.6	40.3	46.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ Data for 1954. The greater part of turkeys sold during the first 10 months of 1954 were ice-packed and during November and December the most were frozen.

2/ Data for 1955. Practically all turkeys sold in Boston and Cincinnati were frozen.

Table 14.--Distribution of tonnage of turkeys according to size sold during Thanksgiving and Christmas weeks by independent retailers in three eastern markets

Size of turkey	Icepacked				Frozen					
	Thanksgiving		Christmas		Thanksgiving			Christmas		
	Washington 1/	Cincinnati 2/	Washington	Cincinnati	Washington	Boston 2/	Cincinnati	Washington	Boston	Cincinnati
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Ready-to-Cook										
Fryers 4-8 lbs.	12.6	6.9	--	6.4	7.8	5.9	32.2	--	10.4	15.3
Hens under 8 lbs.	6.7	7.8	11.6	2.2	10.1	22.2	1.6	--	.2	3.3
" 8-11.9 "	61.2	51.5	33.3	35.5	49.7	39.5	43.7	96.5	40.6	47.3
" 12-15.9 "	19.5	31.8	48.9	51.6	32.2	32.2	17.1	--	48.3	32.9
" 16 lbs. & over	--	2.0	6.2	4.3	.2	.2	5.4	3.5	.5	1.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Toms 10-13.9 lbs.	--	12.4	--	24.3	--	--	17.0	--	1.3	--
" 14-17.9 "	4.0	40.7	--	29.4	49.2	25.2	15.8	22.1	26.4	16.4
" 18-21.9 "	77.6	38.7	75.0	24.5	41.0	62.9	19.6	77.9	60.7	51.5
" 22 lbs. & over	18.4	8.2	25.0	21.8	9.8	11.9	47.6	--	11.6	32.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ Data for 1954.
2/ Data for 1955.

SEASONAL DISTRIBUTION OF SALES

Monthly Distribution of Turkeys Sold by Processors to Boston Receivers

The processors contacted in the study reported that they shipped more than 10 million pounds of ready-to-cook turkeys to Boston in 1955. The monthly distribution of this volume was:

January	- 1.2 percent	July	- 3.6 percent
February	- 1.3 "	August	- 7.0 "
March	- 2.4 "	September	- 11.2 "
April	- 2.2 "	October	- 14.5 "
May	- 5.0 "	November	- 22.3 "
June	- 3.7 "	December	- 25.6 "

Monthly Distribution of Turkeys by Wholesalers

The tonnage of ready-to-cook turkeys received monthly by wholesalers in the Washington area during 1954 does not follow the pattern of monthly sales reported by one chain organization in the area (tables 15 and 17).

Table 15.--Distribution of tonnage of turkeys handled monthly by wholesalers in three eastern markets

Months	Washington 1/	Boston 2/	Cincinnati 2/
	Percent	Percent	Percent
January 1 to June 30	38	28	11
July	7	3	2
August	7	3	1
September	8	4	14
October	7	5	19
November	16	32	23
December	17	25	30
Total	100	100	100

1/ Data for 1954.
2/ Data for 1955.

Wholesalers sold about two-thirds of their tonnage fairly uniformly during the first 10 months of the year and the other one-third during November and December. In contrast, about 61 percent of the tonnage sold by one chain organization was during November and December. This indicates that the wholesalers and jobbers were supplying other outlets such as hotels and restaurants throughout the year.

The pattern of turkey receipts monthly by Boston wholesalers shows a heavy concentration of sales in November and December compared to the first 10 months of 1955. Sales of Boston wholesalers and jobbers in November and December were about 57 percent of yearly sales.

In Cincinnati, wholesalers and jobbers made about 13 percent of yearly sales in the first 7 months of 1955, and the rest in the last 5 monts. Sales in Cincinnati from September through December showed the heaviest concentration reported by wholesalers in the three markets.

Of the turkeys handled by wholesalers in the Washington area in small lots in 1954, 81 percent were ready-to-cook and the rest were New York dressed. Also, 88 percent of the ready-to-cook turkeys were frozen and the rest were icepacked.

Of the turkeys handled by the Boston wholesalers, which were sold in small lots, 62 percent were ready-to-cook and 38 percent New York dressed. Of the New York dressed, 72 percent were icepacked and the rest frozen.

All the turkeys sold by wholesalers in Cincinnati were ready-to-cook and inspected for wholesomeness as required by city ordinance. Nearly all the turkeys sold by wholesalers in the area were frozen.

Distribution of Turkeys Sold Monthly by Independent Retailers

Independent retailers in Boston had the best year-round distribution of sales of turkeys when compared to sales for Washington and Cincinnati. The independent retailers in Washington and Cincinnati made 73 and 79 percent of yearly sales, respectively, in November and December compared to 60 percent for Boston. Also, more than half the independent stores in Boston sold turkeys every month of the year, except October. By comparison, about one-third of the independent stores in Washington and Cincinnati handled turkeys during the first 10 months of the year (table 16).

Distribution of Turkeys Sold Monthly by One Chainstore

One chainstore organization in the Washington area provided data showing the monthly distribution of turkeys sold during 1954. About 61 percent of yearly tonnage was sold during November and December; 13 percent in July, and the rest was fairly evenly distributed throughout the other 9 months. (table 17).

Table 16.--Distribution of independent retail stores handling turkeys and of pounds of turkeys sold monthly in three eastern markets

Months	Washington 1/		Boston 2/		Cincinnati 2/	
	No. stores	Percent of pounds sold	No. stores	Percent of pounds sold	No. stores	Percent of pounds sold
January	6	2.0	26	3.2	13	2.9
February	6	2.0	26	3.1	13	2.6
March	7	2.0	25	4.3	13	2.3
April	7	3.0	30	5.3	12	2.3
May	8	3.0	23	4.8	11	1.3
June	8	3.0	23	3.4	11	1.3
July	9	3.0	22	3.7	11	1.3
August	8	3.0	22	3.8	13	1.4
September	8	3.0	25	5.4	14	2.9
October	8	3.0	17	2.7	14	3.0
November	22	35.0	44	31.2	39	47.3
December	22	38.0	41	29.1	37	31.4
Total		100.0		100.0		100.0

1/ Data for 1954.

2/ Data for 1955.

Table 17.--Distribution of total pounds of ready-to-cook turkeys sold by one chainstore company, by months, Washington, D. C., 1954

Month	Percentage of annual sales	Month	Percentage of annual sales
	Percent		Percent
Jan.	2.1	July	12.5
Feb.	2.3	Aug.	.9
Mar.	2.4	Sept.	1.9
Apr.	5.4	Oct.	4.8
May	4.6	Nov.	32.5
June	2.4	Dec.	28.2

PROMOTION METHODS

Services to Retailers Reported by Wholesalers

Wholesalers reported they made daily deliveries to all outlets during the Thanksgiving and Christmas holidays, but during the other months deliveries were made on order.

Extension of credit to retailers was usually on a weekly basis; however, in a few instances, credit was extended for 30 days.

Practically all wholesalers in this study provided advertising aids to retailers, Many Boston wholesalers also provided merchandising counsel, regarding the best time to buy and modern ways of displaying turkeys.

More attention was given to promoting the sale of turkeys during the holiday season than during the other 10 months of the year. From two-thirds to three-fourths of the wholesalers in the three areas reported that they promoted the sale of turkeys during the holiday period. Wholesalers in Boston and Washington reported promoting the sale of turkeys throughout the year. Cincinnati wholesalers did the least promoting of turkey sales. These differences may be reflected in the larger year-round sales as reported in table 2 by the independent retailers in Boston compared to the smaller year-round sales reported by the independent retailers in Cincinnati.

The most popular methods used by wholesalers in promoting sales of turkeys were personal salesmanship (including telephone calls), store posters, flyers, and newspaper advertisements (table 18).

Table 18.--Methods of promoting sales of turkeys followed by wholesalers during Thanksgiving and Christmas weeks and during other months in three eastern markets

Methods of promotion	Washington 1/		Boston 2/		Cincinnati 2/	
	During holidays	During other months	During holidays	During other months	During holidays	During other months
	Percent	Percent	Percent	Percent	Percent	Percent
Wholesalers promoting	65	50	75	75	65	35
Wholesalers not promoting	35	50	25	25	35	65
Total	100	100	100	100	100	100
Personal contacts	37	50	50	50	50	57
Posters and signs	19	25	17	17	--	--
Flyers	--	--	17	17	--	--
Attractive prices	9	--	--	--	--	29
Newspaper advertisements	19	25	--	--	25	14
Mailed quotation	--	--	16	16	--	--
Radio	8	--	--	--	12	--
Phone book advertising	8	--	--	--	--	--
National advertising	--	--	--	--	13	--
Total	100	100	100	100	100	100

1/ Data for 1954.
2/ Data for 1955.

The wholesalers interviewed made the following suggestions on ways that sales of turkeys might be increased on a year-round basis (note that some of the answers are direct opposites of others):

(1) The shift in recent years from New York dressed to ready-to-cook turkeys has resulted in a better product and the costs of handling turkeys have been reduced. Shifting to ready-to-cook therefore can promote sales.

(2) Retail margins on turkeys should be increased so as to be comparable with those on other products sold during the Thanksgiving and Christmas holidays. If this were done, it was claimed, retailers could afford to handle turkeys in all seasons.

(3) Low retail prices for turkeys in effect during the holidays should be continued throughout the year.

(4) Big turkeys should be split in halves so that a customer can purchase a smaller amount at a lower price per pound than he would pay if buying a whole small turkey.

(5) Only the best grade of turkeys should be handled and frozen birds should be watched closely for defects.

(6) More personal salesmanship is needed by retailers, and they should stress the value of turkey meat in relation to other meats. Such a practice would be limited to stores with small customer traffic.

Services Provided by Wholesalers in Boston and Cincinnati During 1955 as Reported by Independent Retailers

Over 90 percent of the retailers received delivery service from the wholesale turkey suppliers, and about 10 percent of the retailers "picked up" turkeys from the supply houses.

Seven days of credit was given by the wholesale suppliers to 77 percent of the retailers in Boston and to 61 percent of the retailers in Cincinnati. Thirty-nine percent of the retailers in Cincinnati reported that they were on a cash basis compared to 9 percent on a cash basis in Boston. The remaining 14 percent in Boston obtained credit from 7 to 30 days.

In Boston, 50 percent of the retailers received free advertising aids from wholesalers, compared to 43 percent in Cincinnati. The advertising aids in Boston consisted of posters, 75 percent; flyers, 16 percent; displays, 7 percent; and order books, 3 percent. In Cincinnati, advertising aids from wholesalers to retailers consisted of posters, 70 percent; free newspaper ads, 23 percent; and radio advertising without cost, 7 percent.

The amount of merchandising counsel on turkeys received by retailers from wholesalers in Boston and Cincinnati shows extreme variation. Over 87 percent of the retailers in Cincinnati reported that they did not receive any merchandising advice from wholesalers, in contrast with 81 percent in Boston who reported that they did receive merchandising counsel from wholesalers. The information provided by the Boston wholesalers was principally on market and price conditions. One retailer in Boston said he obtained information from his wholesaler on cutting turkeys into parts and how to display them.

Methods of Retailers in Promoting Sales of Turkeys

From 75 to 86 percent of the independent retailers visited in the three selected markets promoted sales of turkeys during the Thanksgiving and Christmas weeks. However, during the other 10 months of the year, only 7 to 15 percent of these retailers promoted sales of turkeys. The lowest percentage of independent retailers who promoted turkey sales during the first 10 months was found in Cincinnati.

The most popular means of promoting sales reported by independent retailers during the Thanksgiving and Christmas periods were posters and signs placed in the stores, and personal salesmanship. During the other 10 months, cutting of retail prices was the most important means reported. Other promotional methods used were flyers, newspaper advertising, and tie-in sales (table 19).

It was the general opinion of chainstore supervisors that the best means of advertising turkeys was through newspaper advertisements.

One chainstore organization in the Washington area provided data showing the distribution of the tonnage of turkeys sold by months during 1954. The effect of organized efforts to promote sales of turkeys may be reflected in the large volume of sales in July compared with that in other summer months. It appears that the sharp increase in sales in July was associated with the nationwide promotional programs for "Turkey Week" (table 17).

SUPPLY SOURCES FOR EACH MARKET

Principal Sources of Turkeys Sold by Wholesalers

During the first 10 months of 1954, most of the turkeys received by Washington wholesalers were from producers and processors in Virginia and Maryland. Supplies in November and December were principally from midwestern and Pacific coast producing areas. Turkeys received from the nearby areas were mainly icepacked ready-to-cook, and those from the western areas were frozen ready-to-cook.

Turkeys received by Boston wholesalers in 1955 were supplied principally from producers' areas in the Midwest, Rocky Mountain, and Pacific Coast States. All of the supplies from these distant areas were reported to be frozen and ready-to-cook. The receipts of icepacked New York dressed turkeys were reported to be mainly from producing areas in New England.

The principal sources of turkeys for Cincinnati in 1955 were producing areas within a 100-mile radius. Other sources mentioned were Iowa and North Carolina. The city ordinance requiring that all poultry be processed to ready-to-cook form and also inspected by city inspectors tends to limit the area from which supplies are drawn.

Table 19.--Methods of promotion practiced and preferred by independent retailers in selling turkeys during Thanksgiving and Christmas holidays and during other months in three eastern markets

Method of promotion	Washington 1/		Boston 2/		Cincinnati 2/	
	During holidays	During other months	During holidays	During other months	During holidays	During other months
	Percent	Percent	Percent	Percent	Percent	Percent
Stores promoting	75	15	86	14	81	7
Stores not promoting	25	85	14	86	19	93
Total	100	100	100	100	100	100
Posters and signs	50	--	66	63	49	33
Personal contacts	34	--	21	--	45	33
Flyers	--	--	13	12	3	--
Cut prices	--	100	--	25	--	--
Newspaper advertising	8	--	--	--	3	34
Tie-in sales	8	--	--	--	--	--
Total	100	100	100	100	100	100

1/ Data for 1954.

2/ Data for 1955.

Seasonal Contracts of Wholesalers

Only one wholesaler in the Washington area and one wholesaler in the Cincinnati area reported purchasing a large part of their supply under contract. None of the wholesalers contacted in Boston was purchasing under contract.

Purchases Through Brokers

None of the Cincinnati wholesalers purchased through brokers. One wholesaler in Boston purchased all of his turkeys through a broker, and three wholesalers in Washington reported that they purchased from 5 to 25 percent of their monthly turkey supply through brokers.

PRICING METHODS

Prices Paid by Processors to Turkey Producers

During the winter, higher average prices were usually received by the producers supplying the Cincinnati market than those supplying the Boston market. This situation continued through many months of 1955 for Beltsville and hen turkeys. During the last 5 months of 1955, average prices paid for live toms sold in Boston were higher than the prices of live toms sold in Cincinnati (table 20).

Prices F.O.B. Processors' Plants

Comparisons of average f.o.b. prices at processors' plants of hen and tom turkeys shipped to Boston and to Cincinnati in 1955 show wider price differences than comparisons of prices paid producers for live turkeys. The f.o.b. prices of tom turkeys sold in Cincinnati were lower than f.o.b. prices in Boston in August, September, and October, but the prices were higher for Cincinnati than Boston in November and December. Some of the differences could be due to variable seasonal processing and storage costs and to competitive factors which affect the selling prices of turkeys (table 21).

Market Quotations Followed by Processors

In this study, processors were asked "On what market quotation do you base your buying prices?" According to the replies, a higher percentage were using the USDA Market News quotations in determining buying prices than were using the quotations issued by a private market news agency. Also, about the same percentage reported using combinations of the two quotations in determining buying prices. However, 41 percent of the processors stated that the pressure of competition was the most important single

Table 20.--Average prices paid producers for live turkeys from the principal sources of supply for three eastern markets

Size of bird and destination	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.
Fryers under 8 pounds:												
To Washington 1/	35.0	32.9	33.7	32.4	31.8	30.9	27.8	27.9	28.4	29.2	32.3	32.4
" Boston 2/	29.3	30.9	31.1	29.3	30.9	29.1	29.3	30.5	31.4	32.4	29.7	29.5
" Cincinnati 2/	30.0	30.0	--	--	--	--	32.0	32.0	32.0	32.0	31.0	31.5
Hens 10 to 16 pounds:												
To Washington	33.8	31.1	30.1	31.1	28.4	29.3	29.8	29.4	30.3	31.1	32.4	33.4
" Boston	31.2	28.0	27.8	24.5	26.5	26.6	30.6	31.5	34.1	35.1	33.2	33.5
" Cincinnati	32.0	30.0	--	--	--	--	32.0	31.7	33.1	34.3	33.5	34.3
Toms 18 to 24 pounds:												
To Washington	25.7	27.6	24.5	25.4	25.0	26.7	25.6	25.1	25.1	24.5	24.5	24.8
" Boston	24.4	23.8	22.4	24.5	25.4	27.3	27.2	31.9	32.4	30.8	27.1	28.6
" Cincinnati	27.5	27.5	27.5	--	--	--	27.0	27.5	27.2	28.6	27.1	27.9

1/ Data for 1954.
2/ Data for 1955.

Table 21.--Average prices for frozen ready-to-cook Grade A turkeys f.o.b. processors' plants which were the principal sources of supply for three eastern markets

Size of bird and destination	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec
	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.	Cents per lb.
Fryers under 8 pounds:												
To Washington 1/	53.1	50.2	52.2	48.2	49.0	48.3	45.4	45.5	44.6	46.2	49.0	49.8
" Boston 2/	46.4	47.0	46.9	45.7	47.3	44.9	45.5	46.6	48.3	50.2	48.1	47.8
" Cincinnati 2/	--	--	--	--	--	--	--	--	--	49.5	49.3	47.0
Hens 10 to 15.9 pounds:												
To Washington	53.0	53.0	53.0	55.7	47.2	49.0	44.4	43.8	45.9	45.9	48.1	48.2
" Boston	46.5	45.4	36.6	37.6	45.2	44.5	47.7	45.9	47.8	49.9	49.3	48.0
" Cincinnati	--	--	--	--	--	--	--	47.8	50.5	51.2	51.6	52.7
Toms 18 to 23.9 pounds:												
To Washington	43.0	43.5	42.8	43.5	40.1	42.7	40.6	39.8	39.5	38.5	39.0	39.1
" Boston	37.3	35.1	38.1	38.9	40.8	42.9	43.2	45.8	46.4	45.0	41.5	42.7
" Cincinnati	--	--	--	--	--	--	--	41.0	38.5	40.3	44.2	44.7

1/ Data for 1954.
2/ Data for 1955.

factor affecting their buying prices; they referred to prices offered by nearby processors and to competition in selling prices which indirectly affected the prices they were able to pay after deducting processing costs. In answer to a similar question regarding the quotation on which they based their selling prices, a much larger percentage of the processors said they depended on the private market report in arriving at selling prices (table 22).

Table 22.--Market quotations and factors which processors considered in buying and selling turkeys during 1954 and 1955

Quotations and factors	Buying price	Selling price
	Percent	Percent
Competition	41	32
Private report	15	32
Private and competition	11	20
USDA or State Market News	22	10
USDA, State and private	3	3
Auction and USDA or State	8	3
Total	100	100

Occasionally, processors paid premiums over and discounts under the market quotations in buying live turkeys which were above or below average quality. It was the practice of some cooperative organizations to pay producers on the basis of eviscerated weight and grade.

The amount of premium obtained usually varied by small fractions of a cent per pound over the quotation. In one instance, the premium over the selling quotation amounted to 2 cents a pound on a limited lot of turkeys. Also, the processors who took discounts under the quotation in selling were more numerous than those who took discounts under the quotation in buying turkeys. The amounts of discounts reported under the selling quotation varied from 0.5 to 2 cents a pound. In some instances, these discounts were due to differences in freight charges and brokerage fees, but several processors said discounts in selling were given because birds were undergrade.

Processor Contracts in Buying and Selling

Contracts were not generally used by the processors interviewed in 1954. Twenty percent of these processors used contracts in 1954 in buying from growers, compared to 6 percent in selling turkeys. One processor had a verbal contract with his growers to pay them 1 cent a pound (live weight) over the growers' production costs. He said this arrangement guaranteed him a year-round supply. Another processor had seasonal contracts with buyers which, he said, provided "good fill-in business." Approximately 20 percent of his yearly volume was sold this way.

A larger proportion of the processors contacted in 1955 used contracts than in 1954. Thirty-six percent of the processors employed contracts in buying turkeys in 1955. Purchases under contract varied from 75 to 100 percent of the year's volume. Advantages claimed for the contract were that it stabilized the flow of birds to the processing plant, eliminated large fluctuations in price, and permitted processors to locate outlets and to control quality of product.

Thirty-three percent of the processors sold under contract from 70 to 100 percent of the turkeys they handled in 1955. Advantages of contracts in selling were similar to those of contracts in buying. One processor, however, believed the use of contracts in selling tended to restrict buyers from competing for his product.

Market Quotations Followed by Wholesalers

Wholesalers and jobbers in the Washington area were influenced in purchasing turkeys by several market quotations and price reports. About one-third of those interviewed followed the private quotation. Several based their purchases on the Baltimore live price quotations of the Federal-State Market News Service; one followed prices released by USDA; one was governed by prices paid by a large cooperative; and one by prices paid at a public auction in Maryland. About half of the wholesalers supplying the Washington area said they paid premiums over the market, varying from 0.5 to 1.5 cents a pound, depending on market conditions.

All but two of the wholesalers and jobbers interviewed in Boston said they followed the private market quotation in purchasing turkeys. One followed the USDA report for Boston and another based his price on the cost of live birds plus cost of processing and transporting from shipping point. Half of the wholesalers interviewed in Boston did not pay premiums. Others said they paid from 0.5 to 1 cent a pound premiums to obtain the size and quality needed for their trade during the holidays. Also, all of the wholesalers who paid premiums purchased turkeys from 0.5 to 1 cent a pound under the market when conditions permitted this.

Most of the wholesalers (who also were processors) in the Cincinnati area utilized the USDA market reports in determining their purchasing prices of turkeys. Several used combinations of quotations from Chicago, Cincinnati, New York, and points in Iowa. Although none reported discounts under market quotations, about one-third of the processors reporting paid premiums from 1 to 3 cents a pound over the Cincinnati market when certain sizes were in short supply.

Buying and Selling Prices of Retailers Compared

Washington consumers got their best buys of turkeys, as far as price is concerned, at the chainstores during the 1954 Thanksgiving and Christmas holidays. In several instances, the average retail price of turkeys

at chainstores was lower than the average delivered price paid by independent retailers. A similar situation was found in Boston and Cincinnati in 1955, except that the price advantage to consumers at chainstores was less pronounced. In Boston, the average retail price in chainstores was slightly higher on two classes of small turkeys than the average retail price in the independent stores (tables 23 and 24 and figure 2).

Some of the chainstore price advantages in buying turkeys can be explained by the large volume purchased and the practice of some chain organizations of buying directly from processors. Independent retailers usually purchased a few boxes of turkeys at a time. Also, they frequently depended on wholesalers to supply such additional services as credit, advertising, and delivery.

Relation of Chainstore Buying Prices to New York Wholesale Quotations

Average monthly prices paid by chainstores in Boston and Cincinnati in 1955 for turkeys weighing from 4 to 8 pounds did not closely follow average monthly New York wholesale quotations for ready-to-cook frozen turkeys (figure 3). Average chainstore prices in Boston were within a cent of the New York quotation, but average prices paid by chainstores in Cincinnati were as much as 3 cents above or below the New York quotation.

Different seasonal price relationships are found when the prices paid by chainstores for hens weighing up to 14 pounds are compared to the New York quotation. During the first 4 months of 1955, chainstores in Boston purchased hens from 4 to 8 cents a pound under the New York quotation, and during the first 3 months, chainstores in Cincinnati paid about 4 cents a pound over the New York quotation. During the other months of the year, purchase prices of chainstores in Boston and Cincinnati moved together below the New York quotation.

There were larger differences between prices paid by chainstores for tom turkeys and the New York quotation than were found for Beltsvilles or hen turkeys. The average buying prices of toms by chainstores in Cincinnati were consistently lower than the New York quotation on toms weighing from 20 to 22 pounds. However, the average buying prices of chainstores in Boston were higher than the New York quotation for toms weighing from 20 to 22 pounds, but less than the quotation for toms weighing from 24 to 26 pounds.

Table 23.--Average monthly cost and retail prices 1/ of ready-to-cook turkeys sold by chainstores in three eastern markets

Size and market	Jan.		Feb.		Mar.		Apr.		May		June		July		Aug.		Sept.		Oct.		Nov.		Dec.	
	C	R	C	R	C	R	C	R	C	R	C	R	C	R	C	R	C	R	C	R	C	R	C	R
	Cents per lb.		Cents per lb.		Cents per lb.		Cents per lb.		Cents per lb.		Cents per lb.		Cents per lb.		Cents per lb.		Cents per lb.		Cents per lb.		Cents per lb.		Cents per lb.	
Wash., D.C. 2/																								
4- 7.9 lbs.	58	64	56	59	55	61	52	57	51	55	50	56	47	52	47	51	47	51	47	51	53	56	53	57
8-11.9 "	56	63	--	--	56	63	58	63	--	--	--	--	--	--	--	--	47	53	47	53	49	51	51	52
12-15.9 "	56	63	--	--	58	63	58	63	51	55	51	55	51	55	49	53	47	53	45	53	49	51	52	52
16 lbs. and over	50	55	50	55	50	55	--	--	--	--	49	53	49	53	49	53	48	53	43	59	41	42	41	42
Boston 3/																								
4- 7.9 lbs.	50	59	50	60	49	63	50	62	51	61	50	63	50	63	49	62	51	63	51	64	54	59	52	58
8-11.9 "	49	60	49	58	49	60	48	58	53	62	50	62	50	63	49	62	50	63	52	64	51	59	52	58
12-15.9 "	45	55	41	53	45	56	44	55	49	60	46	60	47	61	49	60	50	62	49	63	49	57	50	55
16 lbs. and over	42	51	40	45	43	49	41	50	48	54	49	54	--	59	53	56	46	59	52	59	46	51	45	50
Cincinnati 3/																								
4- 7.9 lbs.	54	67	54	67	54	67	48	59	50	62	46	57	46	59	48	59	51	63	51	63	51	59	50	59
8-11.9 "	54	67	54	67	54	67	48	59	50	62	46	57	46	59	48	59	51	63	51	63	52	59	52	59
12-15.9 "	54	67	54	67	54	67	48	59	50	62	46	57	46	59	48	59	51	63	51	63	52	57	51	57
16 lbs. and over	37	43	37	45	37	45	42	53	42	53	42	53	42	53	42	53	43	54	43	54	42	46	42	44

1/ "C" for cost and "R" for retail price.

2/ Includes prices on icepacked and frozen ready-to-cook turkeys. The greater part of turkeys sold during the first 10 months of 1954 were icepacked, and during the Thanksgiving and Christmas holidays most were frozen.

3/ Data for 1955. Practically all ready-to-cook turkeys sold in Boston and Cincinnati were frozen.

Table 24.--Average cost and retail prices 1/ of ready-to-cook turkeys sold by independent retailers during Thanksgiving and Christmas weeks in three eastern markets

Size of turkey	Icepacked								Frozen							
	Thanksgiving				Christmas				Thanksgiving				Christmas			
	Wash. 2/		Cinci. 3/		Wash.		Cinci.		Wash.		Boston 3/		Cinci.		Wash.		Boston		Cinci.	
	C	R	C	R	C	R	C	R	C	R	C	R	C	R	C	R	C	R	C	R
Ready-to-Cook	Cents per lb.		Cents per lb.		Cents per lb.		Cents per lb.		Cents per lb.		Cents per lb.		Cents per lb.		Cents per lb.		Cents per lb.		Cents per lb.	
Fryers 4-8 lbs.	55	62	51	60	--	--	56	65	53	60	53	63	58	65	--	--	49	57	57	65
Hens under 8 "...	53	61	58	67	54	62	57	69	57	67	52	57	55	60	--	--	54	57	55	60
" 8-11.9 "...	55	63	55	63	54	60	55	64	54	63	53	58	54	60	55	64	51	57	55	59
" 12-15.9 "...	52	59	55	64	54	63	51	62	53	56	50	59	53	57	--	--	52	58	54	62
" 16 lbs. and over	--	--	58	65	45	55	55	67	--	--	49	57	51	56	60	69	53	59	43	49
Toms 10-13.9 lbs.	--	--	53	65	--	--	55	64	--	--	--	--	49	58	--	--	41	50	--	--
14-17.9 "...	39	41	49	56	--	--	48	57	42	45	45	50	43	45	46	51	45	50	49	55
18-21.9 "...	52	58	48	55	44	51	48	55	44	49	45	49	42	46	44	49	45	49	43	47
22 lbs. and over	46	55	45	51	47	55	47	55	42	47	45	50	36	42	--	--	45	49	43	43

1/ "C" for cost and "R" for retail price.
2/ Data for 1954.
3/ Data for 1955.

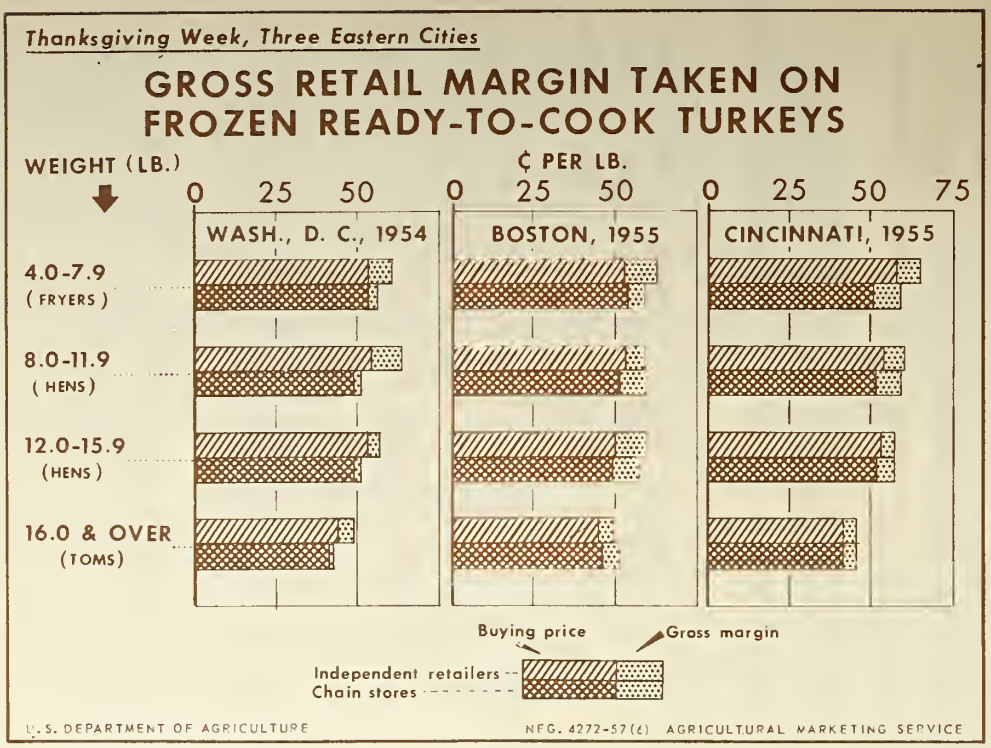


Figure 2

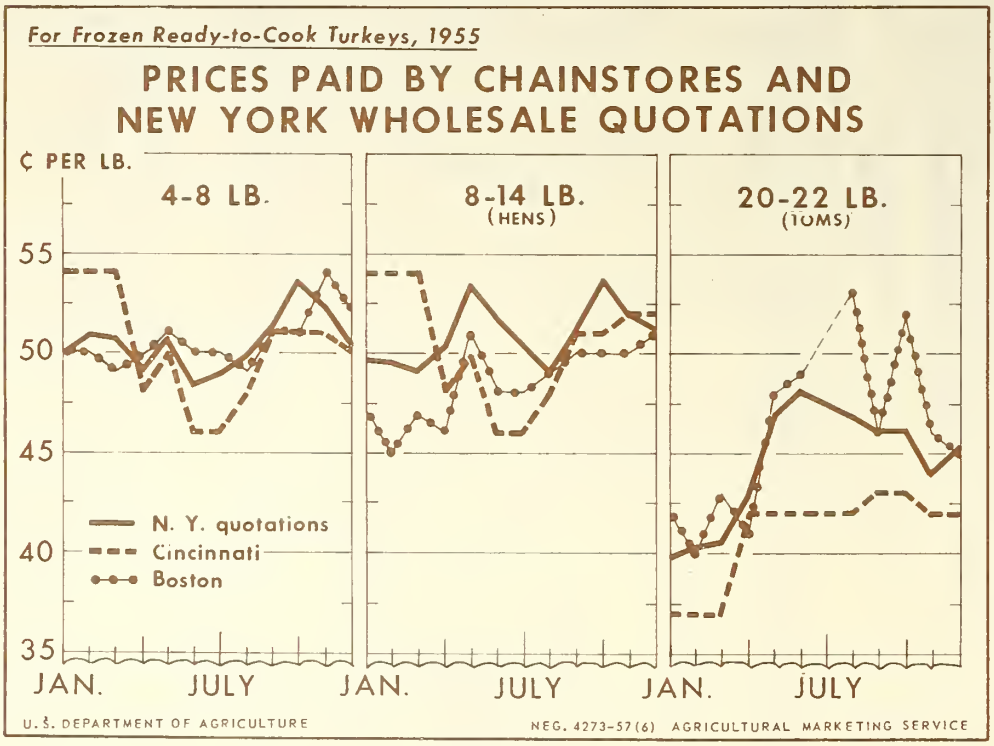


Figure 3

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